

2005 Recommended Budget of the Franklin County Administrator

It is with cautious optimism that I present to you the Franklin County Administrator's recommended budget. In 2004, we have seen some indications of improvements in the economy: our sales tax receipts are up compared to previous years, and general economic indicators are showing signs of improving, albeit slowly. Thus, we continue to strive to be fiscally responsible and present to you a 2005 proposed budget. While balanced, it is a budget that will require some additional input, leadership and courage from the county's elected officials, agency directors, boards and commissions to complete the process, in concert with the County Commissioners.

For the last three years, Franklin County has weathered the economic downturn quite well. Unlike many other government entities, we have neither cut services nor imposed layoffs during this period. Despite declining revenue, this substantial feat was accomplished by limiting and/or slowing the growth of budgets and a reliance on our cash carryover from unspent funding from the prior year to sustain the day.

In 2005, we see the convergence of a variety of factors that will create some rougher weather for Franklin County than faced in previous years. Each of these factors - revenue, demand for services and cash carryover - all in combination, will create a problem that must now be addressed as we set the stage for the 2005 budget and beyond.

With respect to projected general fund **revenue** in 2005, while we will see a slight increase over 2004, projected revenue is still short of the revenue we collected in 2001 by almost \$2 million. Though experts expect the economy to continue to improve in 2005, the recovery in 2004 has been slow. Even with the improvement we've seen, due to historically low interest rates, our dramatic loss in investment revenue alone from 2001 (\$38.6 million) to 2004 (\$12.8 million projected) simply cannot be made up by the modest improvement in sales tax revenues. This, in combination with declines in other revenue areas, has created a flattening of available revenues (\$236,390,048 projected in 2005).

With respect to **demand for services** (expenses), this proposed budget involves a variety of challenges and difficult decisions when considering the \$294,849,521 worth of funding requests (non-major capital) for 2005. Countless hours have been spent reviewing budget submissions of each elected official, agency director, board and commission in the context of the mandatory statutory duties of each operation. Every effort has been made to hold down proposed new programs and requests for new personnel in order to live within our available resources. However, as a number of outside variables have been driving certain budgets like the Sheriff and the Courts to double-digit increases the past three years, simply limiting new growth does not achieve a balanced budget based on available revenues.

In recent years, we have been fortunate enough to have a healthy **cash carryover** to bridge the gap between revenue and expenditure requests. (Unspent resources are carried over from one year to the next and are available to use towards expenditures). With respect to cash carryover, the Commissioners' conservative spending in previous years, prior to the recent recession, led to a peak ending cash balance in 2001 of \$99,421,159. This balance was tapped during the last three years to maintain essential services/personnel in light of consistently decreasing revenue and hope of an improving economy. Because of falling revenue and more accurate budgeting as a result of the implementation of Managing for Results (MFR), these remaining funds will have dwindled to \$40,788,301 at the start of 2005, and are projected to be even lower to begin 2006. Even when adding cash carryover to projected revenue, total available resources of \$277,178,349 still fall well below requests of \$294,849,521.

We can simply no longer substantially rely on cash carryover as a steady resource to fund ongoing operations. For long-term stability, we must instead focus on cutting our expenditures and further increasing our efficiencies in order to once again structurally align revenue with expenses.

Throughout the budgeting process, we have utilized our nationally acclaimed Managing for Results (MFR) to guide us in how to allocate our resources. This tool, which has now become part of our culture, is invaluable in providing meaningful measures on which to make policy decisions. Despite our best efforts to analyze the budget requests of elected officials, agencies, boards and commissions, we are still faced with requests exceeding resources. We will need to utilize MFR further as we request the assistance of the elected officials, agency directors, boards and commissions with further reductions in the proposed 2005 budget. We have inserted into each of their general fund budgets an additional three percent reduction in order to balance the budget; but unlike previous years, we have not dictated what areas are to be reduced.

In lieu of dictating to elected officials, agency directors, boards and commissions how further efficiencies may be realized or how further reductions should be made, we instead call upon and give discretion to our officeholders to allocate the three percent reductions incorporated in the County Administrator's recommended budget. This percentage is in addition to the specific reductions already made during the budget review process by OMB and the County Administrator.

Last year, countywide reductions were uniformly prescribed in specific areas by the Commissioners which included: restricting out-of-county travel; delaying improvements to county property that were not dictated by safety concerns; eliminating non-essential vacant positions; slowing the fleet replacement program, with the exception of the Patrol Division within the Sheriff's Office; reducing the number of county cellular phones; reducing information technology/computer replacements; eliminating unidentified miscellaneous expenses; limiting new programs and initiatives that fail to greatly enhance performance; and creating a first ever "vacancy personnel credit" which reduced monies for personnel by assuming a vacancy rate of four percent. While these are still viable, available options, these reductions have not been prescribed countywide in the 2005 budget. Rather, I recommend that each county official tailor reductions to their operation, which may or may not include the utilization of the above reductions from last year. We will rely on the leadership and resolve of each elected official, agency director, board and commission to assist us with the task of identifying those areas to be

reduced by three percent to complete the balancing of the 2005 budget. By doing so, this will enable us to live within our available resources for 2005 and yet, allow solutions to best fit their individual requirements.

As a word of caution, budget challenges will extend into 2006 and beyond until we restore the structural balance of our budget. Therefore, I urge reductions to be of a long-term nature as opposed to a short-term fix. The agency's OMB analyst will be available to assist with recommended reductions upon request. With the implementation of these reductions, we will once again be on the path to long-term fiscal well-being.

Unfortunately, based on the aforementioned, I cannot recommend an increase in wages to our employees. This recommendation is balanced or offset against one significant factor - healthcare costs. Healthcare costs for our employees have dramatically increased over the last several years. In 2003, we had an average of \$7,100 per employee per year budgeted. This cost rose 15.4% to a projected amount in 2004 of \$8,192 per employee per year. Likewise, the 2005 projected cost is \$9,756 per employee per year, which is an increase of 37.4% or \$2,656 more per employee per year over the last two years. Historically, we have not charged an employee contribution toward health benefit premiums, unlike virtually all other government and private sector entities. However, in light of the no salary increase recommendation, I am recommending that this commitment continue in the 2005 budget. Thus, I am not requesting a monthly contribution from our employees towards their health care premium.

Lastly, one ominous concern also looms over the horizon, the State of Ohio – whose economic fortunes affect all local governments – faces serious financial challenges that must be addressed at or near the end of its biennium budget ending June 30, 2005. We must be ever vigilant of further cuts in state funding in 2005 and beyond by maintaining our Economic Stabilization Reserve ("rainy day fund") at \$15.7 million and budgeting a contingency reserve at \$8.0 million.

RECOMMENDED BUDGET AND PRIOR YEAR COMPARISONS

A balanced general fund budget is recommended totaling \$277.2 million, a 1.4 percent decrease from the 2004 original budget. In addition to the general fund budget, the overall county recommended budget includes other revenue funds totaling \$1.056 billion, which is 8.7 percent higher than the 2004 original budget. Total budgeted general fund and other revenue funds expenditures recommended for 2005 are \$1.333 billion, which is 6.5 percent higher than the 2004 original budget.

HIGHLIGHTS OF 2005 BUDGET

ALCOHOL, DRUG and MENTAL HEALTH (ADAMH)

In order to address ADAMH's need for data management and information systems, the position of System Analyst 2 is being recommended for funding. Information will be used by ADAMH staff, providers, and consumers to evaluate and monitor the service provisions of ADAMH's contract providers, resulting in better and more cost-effective care for Franklin County consumers.

The addition of this position will have an impact on all of ADAMH's programs and performance measures. Specifically, these include the following:

- **Pharmacy Management:** Predictive modeling will analyze over/under utilization (prescriptions by doctors, consumption by patients) of medications and the correlation between different types of medications and outcomes/results.
- **Treatment Service Utilization:** Treatment Data will be analyzed in order to develop relationships between treatment service practices (intensity, duration and mix of mental health and/or alcohol and other drug treatment services) and results (number of individuals receiving effective care or showing recovery).
- **Treatment Service Modeling:** Data will be analyzed to develop connections between clinically appropriate levels of care and cost effectiveness in this area.
- **Housing:** Waiting list data (clients in need of subsidized housing) and housing unit vacancy data will be analyzed to minimize the length of time clients are without housing and the length of time a housing unit remains vacant.

ANIMAL CARE & CONTROL

Animal Care & Control will hire four full-time kennel attendants at a total cost \$138,096 which will allow for the reduction of \$166,753 in temporary services. This results in a net decrease of \$28,657. Beyond the monetary savings, Animal Care & Control must contend with constant turnover of temporary agency kennel attendants. This results in constant training of new kennel attendants, which draws employees away from the Shelter's core mission. Hiring full-time kennel attendants will allow those staff to focus on the core mission resulting in an estimated increase of 365 adoption/redemptions.

COMMISSIONERS

The Franklin County Hall of Justice was built in 1972 and houses the County Common Pleas General Courts operations. The building is at the end of its useful life. The acquisition of land and the start of construction of a new courthouse will take place in 2005. The estimated cost is \$111.6 million for the building and land.

COMMON PLEAS COURT and PUBLIC DEFENDER

The Franklin County Administrator recommends a new initiative, which will substantially reduce outside appointed counsel costs by increasing the number of attorneys and staff support in the Public Defender's Common Pleas Program. By respectfully recommending that the Public Defender be appointed in 75 percent of the cases instead of 66 percent, it is estimated that a savings of approximately \$240,000 will be realized in 2005. These savings are expected to increase in subsequent years, as one-time start-up costs for the expanded Public Defender operations will be paid in 2005. It must be noted that estimates of savings will be impacted by the number and complexity of capital cases. The estimated start date of this proposal is April 1, 2005.

EMERGENCY MANAGEMENT AGENCY

The Franklin County Emergency Management Agency (EMA) is the State of Ohio's designated recipient for Federal Department of Justice Homeland Security grants within the County. Thus, EMA plays a vital role in ensuring the safety of Franklin County residents. The 2005 recommended budget contains approximately \$14.4 million in homeland security-related grant funds for distribution. The County received approximately \$8.2 million in 2004 (an increase of 74.7%). These non-general fund monies are used to purchase materials and services and capital items for Franklin County Government and other entities within the County.

FLEET MANAGEMENT

The Fleet Management Department will participate in a \$65,000 alternative fueling facility project. This project will install a 10,000 gallon underground fuel tank and dispenser system for ethanol fuel (E-85). E-85 burns cleaner than gasoline creating a 30% reduction in greenhouse gases in flexible fuel vehicles (FFV). Franklin County currently has 59 FFVs in its fleet with an estimated usage of 40,000 gallons of fuel per year. FFVs will be selected when available for replacement vehicles. Fleet Management is working to secure a U.S. Department of Energy Grant to cover 70% of the facility cost.

A grant is also being utilized to purchase four bi-fuel vans for Animal Control. These vans will utilize natural gas and gasoline fuels. It is estimated that at the end of four years: the County will save \$18,925; will have performed less maintenance; and garnered the benefit to the environment of 48,000 equivalent gallons of clean fuel burnt in lieu of gasoline.

GRANTS

Community Shelter Board

Continued funding, at the 2004 level, for our nationally acclaimed Community Shelter Board (CSB) is recommended to assist our homeless by providing homeless prevention programs, emergency shelter, and housing programs. CSB, through our Safety Net award, serves a total of 9,606 households including 5,350 in their men's shelters, 1,400 through their women's shelter and 2,890 through their family shelters. Franklin County supports 13.45% of the households served or 1,292 households. By mid-year 2004, CSB served 5,907 households with 795 being county funded. This represents 62% of CSB's year end-target. The Safety Net award also includes a set aside for the YWCA operating budget. The Rebuilding Lives program, designed to maintain permanent housing for the previously homeless, has a current program capacity of 448 units. Franklin County funds 44% of total occupied units. The occupancy rate as of June 2004 was 91% with an expected rate of 95% by December 2004.

Housing Trust

The Columbus/Franklin County Affordable Housing Trust Corporation (the Trust) promotes home ownership and affordable rental housing opportunities in Franklin County. In its four years of operations, the Trust has averaged 266 new affordable housing units per year at an average operating cost per unit of \$1,087. Specifically in 2004, the Trust has made commitments to 11 projects with a total of 814 units.

In 2005, the Trust will be funded with \$750,000 federal grant dollars and \$250,000 general fund dollars. The grant dollars are targeted towards those who earn no more than 60% of area median income for rental units and 80% for owner units.

JOB & FAMILY SERVICES

Youth Initiative

To reinforce the Board of Commissioners commitment to programming for the county's youth, the Franklin County Department of Job and Family Services will set aside 3 million dollars for summer youth programs and ongoing school youth programs. The funding will be utilized for summer and after school programs for youth up to age 18. Programs will focus on academic improvement, development of leadership skills, career development, work experience and transitioning to adulthood. There are approximately 9,700 youth in Franklin County age 12-17 under 100% of the Federal Poverty Level and another 22,000 under 200% of the Federal Poverty Level.

The means for administering the funds will be through ongoing contracts and through relationships with municipalities and government agencies in Franklin County. In addition, 17 townships will receive information on the Franklin County Youth Initiative. This decentralized approach will allow for the initiative to reach as many eligible Franklin County youth as possible.

Subsidized Childcare

Effective October 1, 2003, the Ohio Department of Job and Family Services (ODJFS) reduced the income eligibility level for publicly-funded childcare from 185% of the Federal Poverty Level to 165%. In response to this, the Franklin County Board of Commissioners, through resolution number 116-03, increased service to these citizens by authorizing a county level program for those families who were terminated from the childcare program due to ODJFS' administrative order. The program adopted by the Commissioners restored eligibility for those terminated families. Franklin County Department of Job and Family Services (FCJFS) now proposes to replace the current county level program with one that increases the income eligibility level from 185% to 200% of the Federal Poverty Level (the maximum allowed under state law). The new program would replace the current program set to expire December 31, 2004 and extend it through June 30, 2005. This expansion would not apply to new applicants, but to those enrolled prior to October 1, 2003 who lost eligibility due to their income exceeding the limitations established by the State or the current county level program. Initially, there were 711 children in the potential eligibility group, which is estimated to increase to a maximum of 1,316 children. FCJFS' review of the childcare system indicates that the total cost of this initiative for the period running through June 30, 2005 will be up to \$2,300,000. The funding source for this program will primarily be the TANF High Performance Bonus that has been earned by FCJFS for meeting state and federal performance standards.

Employment Training Center

Due to the transformation of the Franklin County area from an Ohio Option area to a Workforce Investment Act (WIA) Conventional area, the operation of the current One-Stop system is in the process of transition.

The One-Stop system of service delivery consolidates the various One-Stop locations that are now in service throughout the county. The One-Stop Center will partner with businesses to provide training and employment opportunities by expanding the current Job Readiness Training, the Work Experience Program (WEP), and create a unit focused solely on job retention. This will allow expansion of the resource library and various job search tools. The cost of this endeavor is projected at \$1,608,417 for the start-up year of operations, with an additional \$400,000 for Individual Training Accounts (ITAs). This will impact the department's business plan within the Career Services line of business by eliminating the Business and Employer Services Program. Resources will then be redirected to allow for an increased focus on servicing the demands and meeting the goals of the Job and Career Services Program whose main purpose is the provision of true self-sufficiency for FCJFS' customers, which directly impacts the department's mission of providing "...career development opportunities and support services so our community can thrive and prosper."

MENTAL RETARDATION & DEVELOPMENTAL DISABILITIES (MR/DD)

Service Coordination

MR/DD has been a central Ohio leader in providing quality services to their clients and support systems. In 2005, the agency projects an increase of 496 clients that will require case

management services. Therefore, nine additional service coordinator positions have been recommended to meet current and projected service demand. These additional positions are well within the planned 1.5% position growth per year as approved in MR/DD's current levy plan and will not impact the general fund.

Broadview

In 2005, MR/DD is planning on leasing and renovating a building, Broadview, owned by the State of Ohio. The renovation of this building is being sought to house sex offenders that should not be served in a neighborhood setting. The 24 consumers will be housed among six apartments with four bedrooms each.

Personal Alternatives, Creative Endeavors (PACE) Expansion

In response to anticipated growth in demand for adult services, MR/DD has identified the need to serve an additional 32 consumers in their PACE (Personal Alternatives, Creative Endeavors) program on the west side of town. The purpose of PACE is to provide alternative, community-based socialization activities, activities of daily living and leisure activities for persons with developmental disabilities age 18-50.

Parker Hannifan Expansion

Parker Hannifan is a company in Franklin County (Columbus division makes tube fittings) that MR/DD contracts with that employs approximately 100 MR/DD clients currently. Montgomery and Ross Counties are downsizing their Parker Hannifan facilities and moving the business to Franklin County. This transfer will allow Franklin County MR/DD to have an additional 165 clients working at this facility.

SANITARY ENGINEER

Water Quality Partnership Program

The Water Quality Partnership Program addresses health concerns caused by raw or inadequately treated sewage entering waterways. The major contributor of this pollution comes from homes built 50 to 60 years ago that utilize on-lot home sewage disposal systems. This program targets fourteen unincorporated areas of Franklin County that have on-lot septic and aeration systems that have failed or have the potential to fail.

In 2005, the Darbydale treatment plant (774) and three water quality projects (134) will be completed, bringing 908 unsanitary homes into compliance. Two additional projects will be started in 2005 and completed early in 2006, bringing 399 more homes into compliance.

At that time, Sanitary Engineer, at the direction of the County Commissioners, will have completed eight water quality projects and Darbydale, bringing 1,411 homes into compliance. The remaining six projects, totaling 668 additional homes, are scheduled to be completed by the end of 2007.

SHERIFF

In an effort to control costs and deliver a consistent level of quality medical care services to prisoners, service delivery will be administered in-house in 2005. On-site, qualified medical staff will allow for immediate treatment of medical issues, reducing the risk of the spread of disease and decreasing the need to provide off-site medical treatment services. Approximately 76,500 medical and mental health treatment requests are anticipated for 2005.

VETERANS SERVICE

Safe Housing Program

In 2005, through their proposed Safe Housing Program, a collaboration with the Board of Health, Veterans Service Commission will provide home modifications/repairs, safety products and assistance to eligible veterans under the age of 60, who are residents of Franklin County, so they can live safely in their homes. Additionally, Veterans Service is seeking to contract with the Board of Health for the provisions of handicap accessibility modifications for the period of one year. Based upon the high potential for referrals, the Board of Health anticipates completing approximately 27 units for a one-year contract period.

IN SUMMARY

The 2005 recommended budget underscores the Franklin County Commissioner's commitment to: **providing essential services** at a lower cost by utilizing long-term cost savings initiatives; our **security**; our **Veterans**; our **youth**; our **environment**; **the most vulnerable** in our society; and **providing greater employment opportunities**. It also reflects the Commissioners' desires to live within our means while providing the best level of service to Franklin County residents.

In summary, this budget embodies a fiscally prudent means to provide quality, essential services to the citizens of our community. It is a reflection and continuation of why we are recognized nationally as one of the best managed counties in the United States as shown by both the Government Performance Project, administered through Maxwell School of Business at Syracuse University, and by the reaffirmation of our triple-A bond rating by both Moody's and Standard and Poor's. It is also a budget that attempts to position the County for long-term stability and prosperity by recommending the tough decisions that are needed to accomplish this goal.